

INTRODUCTION

per cent of the world's output of magnesite and thus took ¹³⁵ second place after the Soviet Union. In producing 9 per ³¹⁶ cent of the world's graphite output, Austria followed close on the Soviet Union, Korea, and Germany. ¹³ The output of other minerals was less impressive and there were no great export surpluses.

About fifteen years ago, oil was discovered near the ³¹⁵ little village of Zistersdorf, near Vienna. Production was started in 1932 at the very low level of 100 tons, but it ¹³⁵ increased quickly until it reached 33,000 tons in 1937, the last year of Austria's independence. Since then the Germans, in their urgent need for oil, greatly increased the output in this district and annual production reached a level of one to two million tons. This quantity greatly exceeds Austria's peace-time requirements of oil.

As against her lack of coal, Austria is in the fortunate ³⁷⁷ position of having a practically unlimited supply of water power. Although this had by no means been fully harnessed, the 1936 production of 2,680 million kW.h.⁵ of electricity sufficed to cover more than half the country's energy requirements. A small proportion of this electricity (340 million kW.h.) was exported.

Stretching the meaning of "natural resources" somewhat beyond its usual limits, two further assets, of great ⁴⁸⁷ importance to Austria's economy, may be mentioned at this juncture. These are the geographic position of Austria in the heart of Europe, and the beauty of the Austrian towns and countryside. With regard to the first, Austria and particularly Vienna have, ever since the days of the Roman traders, been important junctions of the main European traffic routes. The Danube Valley, opening a gap between the Alps and the Carpathians, provide an east-west route, linking the Balkans with central and western Europe. At the same time the Brenner

AUSTRIA'S ECONOMIC DEVELOPMENT

- 487 Pass and the Semmering Pass allow goods from central and northern Europe to cross the Alpine barrier and to travel south to the Mediterranean countries. Further, a number of other important lines of communication fan out from Vienna, enabling Austria to provide important transit services to other countries.

The natural beauty of the Austrian countryside is well known, and the rapid growth of tourist traffic in the inter-war period shows that Austria, like Switzerland, is a natural "recreation centre" not only for her own citizens but for a large number of people from all parts of the world.

AUSTRIA'S DEVELOPMENT BEFORE THE LAST WAR

- 178 The feudal character of the Habsburg Monarchy was no fertile soil for the development of an industrial bourgeoisie. The industrialization of Austria-Hungary started rather late and proceeded slowly as compared with that of Germany and western Europe. When, however, railways began to be built after 1830, manufacturing establishments sprang up in growing numbers, both to provide for the needs of the railway companies and to make use of the new transport facilities. This process of industrialization gathered momentum after the middle of last century, when the foundations were laid for a great variety of industries. The great depression of 1873 resulted in a serious setback, but progress was soon resumed, though at a somewhat slower rate.

- 433 A few figures will help to illustrate the rate of growth in that period. * Between 1841 and 1871 the production of pig-iron increased from 200,000 tons to 770,000 tons. In 1871 Austria⁷ possessed 1½ million cotton spindles and 580,000 wool spindles. Between 1870 and 1913 the production of coal increased from 3.4 million tons to 16.5

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